

FREQUENTLY ASKED QUESTIONS ABOUT THE ALLIED SITE

Q. What is the issue in a nutshell?

A. A roughly 80-acre land area on the City of Kalamazoo's near-south side includes an estimated 1.2 million cubic yards of sediment that contains the compound polychlorinated biphenyl or PCB. There is research that links levels of PCB exposure with some forms of cancer. PCBs were released upstream into the Kalamazoo River in the 1970s during the production of carbonless copy paper, a practice that was later banned. The 80-acre Allied site and the Portage Creek that flows through it are part of a federal Superfund cleanup site.

Q. Where is the Allied Site located?

A. It encompasses an area roughly bounded by Alcott Street to the north, Cork Street to the south, Portage Street on the east, and west to Burdick Street. It directly impacts the Edison, Homecrest Circle, Milwood and Westnedge Hills neighborhoods. Insert map here

Q. Who is responsible for the contamination and are they financially accountable?

A. Paper mills operated in the Kalamazoo area and on this site for decades during the 20th century. Contamination occurred at the Allied site and waste from other sites also ended up there. When a Kalamazoo River cleanup was planned in the Plainwell/Otsego area, it was proposed that waste removed there would go to the Allied site. But in 2007, Kalamazoo interests objected and the waste was taken to another landfill.

Meanwhile, the Allied property's owner went bankrupt in 2010. In the final bankruptcy settlement, owner H. Millennium Holdings paid roughly \$50 million for Kalamazoo River cleanup, set aside \$50 million in a trust for Allied site remediation and allocated some funds to address natural resource damage. That settled Millennium's liability.

The Allied site trust now is valued at about \$49 million. Spending for groundwater testing and ongoing management costs has reduced the principal over time. No additional money is available from the bankruptcy.

Q. What have been the positions of the City of Kalamazoo and the Environmental Protection Agency up to now?

A. The city has favored removing all the contamination and the EPA has proposed leaving the contamination in place and putting an impermeable cap over the site. Both believe their plan will maintain the safety of the groundwater that supplies up to 40 percent of the area's drinking water supply.

The city's plan is estimated to cost \$150-\$260 million and would leave the land dug down below water level, creating a wetland. The EPA's option is pegged at \$46 million. Both would include ongoing aquifer testing.

Q. What has the City of Kalamazoo been doing on this issue for the past year?

A. It had become clear that EPA was ready to implement its cap-and-consolidate option, regardless of Kalamazoo's wish for total removal.

City representatives went to Washington, DC in March 2014, and learned federal elected officials would not be able to attach earmarks to legislation to obtain additional money for the Allied project. Congressman Fred Upton met with EPA Administrator Gina McCarthy to press for updated groundwater monitoring at the site.

The Michigan Department of Environmental Quality joined the talks and the parties began meeting biweekly in April 2014.

The conversation has shifted from impasse to how we can reasonably achieve a solution for the site and surrounding neighborhoods that protects the environment, creates a productive use for the site, opens access to the area and connects the site to surrounding neighborhoods and the wider area. This has given rise to the "Redevelopment Option."

Q. What is the Redevelopment Option?

A. Contamination from across the 80-acre Allied location would be relocated and piled on 15-20 acres of the site, essentially reducing the land area impacted by the PCB footprint. That large hill would be capped to keep surface water from filtering down through the PCBs and then developed into a public recreation area. This is similar to the approach used at some other retired waste sites across the U.S.

This would also allow about 20 acres of the current Allied site to be designated for future brownfield redevelopment by private

purchasers. Fencing that now encircles the Allied site would be removed, allowing access to the land, including locating a future north/south trail way through the Allied site.

Total removal will leave the area dug out below grade, creating a marshy wetland. Redevelopment will create a XX-foot high hill on part of the site that can become a recreation feature.

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Q. Is the Redevelopment Option environmentally safe?

A. Yes. It will be designed so that appropriate material will cover any PCB-contaminated materials that remain to protect the groundwater from surface leaching and so the public can use the remediated site for recreation activities. The impermeable layer built over the PCB-contaminated material will be covered by several feet of clean soil. This will prevent any contact with the contaminated materials.

Environmental monitoring to date has shown no indication that PCBs have moved toward the groundwater and active monitoring will continue during and after cleanup activities.

Natural gas that is formed by the decomposition of organic material under the impermeable cap will be safely vented and a gas collection system will be built so venting occurs in areas away from public access.

Q. What will the Redevelopment Option cost?

A. Current estimates are \$60-\$70 million. This has a larger price tag than the EPA's Cap and Consolidate Option and is still above the roughly \$50 million available in the bankruptcy trust fund. However, it is substantially less than the \$150-\$260 million cost estimated for the Total Removal Option.

If the Redevelopment Option is eventually selected, \$10-\$20 million would need to be raised to complete it and the city, EPA and MDEQ are continuing discussions about where additional funding could be obtained.

Q. The EPA has an \$8.2 billion budget. Aren't there other sources besides the bankruptcy trust fund to pay for the Allied cleanup?

A. No significant additional funding is likely from state or federal sources. The EPA's budget covers all of its environmental activities,

not just Superfund issues. And its funds are allocated based on the severity of a site's immediate threat to public health and safety. Based on all the nationwide sites EPA oversees, the Allied site has a very low funding priority because it is not considered an immediate danger to health and public safety.

In addition, individual members of Congress no longer have the ability to tack "earmarks" or special appropriations for projects in their districts onto pending legislation. Sometimes referred to as "pork," this practice fell out of favor in 2011 when Republicans took control of the House and President Obama called for an end to earmarks.

Q. Has the City of Kalamazoo changed its position on this issue?

A. City commissioners and staff continue to prefer total removal of PCB contamination from the Allied site. But like citizens' personal wants and needs, our choice must consider our most critical needs, what we can control and our available resources.

In this instance, our most critical need is to assure the public's safety in the face of an environmental threat. It is the EPA, and not the City of Kalamazoo, that has ultimate control in this situation. And we have a limited pocketbook.

After hours of study and discussion, the city believes the Redevelopment Option will protect our groundwater and the environmental safety of the surrounding neighborhoods. It can turn the fenced, restricted land into productive development and recreation use. The site can again become accessible and connected to many other exciting developments along the Portage Creek, including a north/south trail way connection.

Q. Can the City of Kalamazoo compel EPA to remove all PCB-contaminated materials from the Allied Superfund site?

A. Legal options are limited and expensive under federal Superfund regulations. Legal challenges to removal or remedial actions cannot begin until the EPA's selected remediation is completed.

Citizen suits generally are not allowed except under some narrow exceptions. While not impossible, these exceptions present a very difficult challenge to any type of legal action to compel a specific cleanup action.

If a legal action were allowed under Superfund regulations, litigation would likely cost several hundred thousand dollars.

Q. So what does the EPA have to do to comply with Superfund rules?

A. Superfund designation requires the EPA to take specific steps before the federal agency announces its Selected Remedy from those identified in its feasibility study. The existing study was done in 2013 and does not include the new Redevelopment Option. So Redevelopment would have to be added as amendment to the current Feasibility Study for it to be considered by EPA as a potential Selected Remedy.

After EPA announces its choice for the Selected Remedy, a formal public comment period—which could extend over 60 days—is required. Then the EPA must address the issues raised during public comment in a formal response.

Once EPA completes its final review, it announces a Record of Decision and engineering design of the Selected Remedy can begin.

EPA's involvement doesn't end there. The federal agency must oversee implementation of the Selected Remedy and authorize the bankruptcy trustee to make contractor payments. Once cleanup is completed, EPA is responsible for assuring ongoing groundwater testing and maintaining any areas that still are Superfund-designated.

Five-year reviews continue to assure that mandated maintenance and monitoring are occurring and that the remedy remains appropriate.

Q. Are there new technologies that could be used to treat PCBs at the Allied Site?

A. Currently there are no new technologies that offer an economically feasible means to remove or destroy PCBs. That doesn't mean the city isn't investigating technology alternatives. Mayor Bobby Hopewell and City Manager Jim Ritsema continue to examine any that may be viable for adequate PCB cleanup.

To this end, city officials met with EPA representatives in September 2014 to explore the current array of PCB treatments available in the United States. EPA staff from Washington, DC and Montana explained the status of current technologies and developments that could be available in the near future. EPA staff also visited the PulverDryer facility near Battle Creek that uses a pulverizing and drying technology to turn waste into a manageable commodity. That is not considered a workable alternative today.

Q. Would the Redevelopment Option represent a loss for Kalamazoo interests who have worked hard demanding that EPA do more?

A. No, in fact Kalamazoo activists have kept EPA from simply forging ahead with dumping more contamination on the site or just capping the entire area. As one Kalamazoo official put it, “Without the community activism, EPA was ready to put on the armor and implement their plan regardless of the fallout. People in this community have allowed us to get something better.”

Kalamazoo has said it wants an Allied solution that will protect groundwater and the surrounding neighborhoods, reestablish productivity at the site, make it accessible and reconnect it to future development along the Portage Creek, including the north/south trail way. The city believes the Redevelopment Option accomplishes all of those goals and we applaud the local activism that has allowed us the time and leverage to find an option that’s better than simply capping.

Q. How can citizens be assured the groundwater that supplies the Central Well Field will remain safe?

A. Testing conducted by the city and the EPA in the fall of 2014 indicates that no PCB contamination has left the Allied site waste and entered the groundwater. BRUCE WANTS TO CLARIFY THIS FURTHER REGARDING SEEPAGE. The key will be ongoing monitoring, not just for Allied-related contaminants but other pollution that can come from places ranging from dry cleaning chemicals to leaking underground storage tanks.

As part of the federal Superfund process, EPA is required to develop a long-term groundwater-monitoring plan that includes installing a series of wells at various locations and depths around the Allied site. Ongoing sampling and testing ensures that the groundwater is routinely checked to detect potential contamination and that corrective action can begin immediately if any future problem is observed. Again, no contamination has been found in sampling done in the fall of 2014.

The City of Kalamazoo may install additional monitoring wells around the perimeter of the Allied site if it determines that is needed to enhance the EPA’s monitoring plan. And the city, EPA and the

Michigan Department of Environmental Quality will all have a role in oversight of ongoing groundwater monitoring.

MDEQ also routinely meets with city staff to share information on long-term monitoring of other regional Superfund sites that may impact Kalamazoo's Central Wellfield.

All groundwater test results are public information and will be made available once they have been validated.

Q. How long will it take to clean up the Allied Site?

A. It's not a quick process and involves many steps, regardless of the option that's chosen.

After EPA-Region 5 identifies its Selected Remedy, the agency must hold a public hearing. After public comments are received, EPA must issue a "Record of Decision" that details the cleanup that will occur. It's anticipated that the Allied Site's ROD could be issued in the fall of 2015.

Once there is a ROD, EPA begins engineering design and that could take 18-24 months to complete. Then contractors can be hired and work can begin on the Selected Remedy. Cleanup will take an estimated three to five years.

Given those timetables, completion of the Allied Site project could take 7-10 years.

Q. Who owns and oversees the Allied Site?

A. The site has been owned by a bankruptcy trustee since Millennium Holdings LLC filed for bankruptcy. The trustee is responsible for the site's oversight and maintenance, including access control, gas venting system maintenance, groundwater management and treatment. In addition, the trustee manages approximately \$50 million held in trust for those expenses and the Selected Remedy project.

The bankruptcy trustee retains ownership until the EPA approves sale of the property, including payment of all appropriate real estate taxes. If those taxes are not paid, the property will eventually be owned by the Kalamazoo County Land Bank.

Depending upon what cleanup option is selected, portions of the Allied property could be cleaned up and eventually "delisted" from Superfund designation. If that occurs, delisted land could be acquired by the city or private parties for redevelopment. Any area

where PCB-contaminated waste remains would continue to be an EPA-controlled Superfund site.

The city is involved in site ownership discussions with EPA-Region 5 and MDEQ. However, long-term ownership issues have not been resolved thus far.

Q. How can citizens express their comments, concerns and ideas about the various options for the Allied Site?

A. There will be a variety of forums and options for input, including:

- A city-sponsored public meeting to be announced in January 2015 that will give people an opportunity to express opinions verbally, in writing and electronically.

- Comments can be logged on the city's website at www.xxxxxxx.

- City staff is ready to receive input on remediation options.

- The EPA also will be scheduling future Availability Sessions here to receive input and there will be a formal, 60-day public comment period once EPA announces its Selected Remedy.

If you have other questions that are not answered here, please contact XXXX, at XXXX.

More questions and answers will be added to this Allied FAQ site as they arise.